

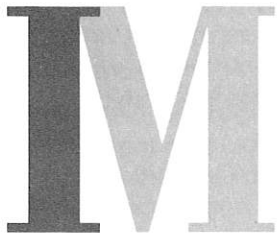
Agenda

UAC INSURANCE MUTUAL BOARD OF DIRECTORS MEETING

May 18, 1995, 11:00 a.m.

Utah Association of Counties Offices

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| 11:00 AM | Call To Order & Welcome | Gary Herbert |
| 2 | Review of Board Member's Absent | Gary Herbert |
| 3 | Approval of April 12, 1995, Minutes | Gary Herbert |
| 4 | Board Policy on Surplus Held in Escrow/Claim Payment Priority | Gary Herbert |
| 5 | Board Policy on County Employees with Bad Driving Records | Gary Herbert |
| 6 | Litigation Committee & Claims Report
1. UACIM Compliance with Requirements of Public Bid Process
2. Sexual Molestation Exclusion | Kent Sundberg
&
Doug Alexander |
| 7 | Brokerage Report | Jess Hurtado |
| 12:00 PM | Lunch Break | |
| 8 | Box Elder County Nursing Home Agreements | Gary Herbert |
| 9 | Interagency Agreements | Brent Gardner |
| 10 | Budget for Legal Council | Brent Gardner |
| 11 | Financial Statement & Loss Summary Review (January, February, March) | Brent Gardner |
| 12 | Loss Prevention Report | David Nelson |
| 13 | UACIM Assistant Administrator | Brent Gardner |
| 14 | Other Business | Gary Herbert |
| 3:00 PM | Adjourn | |



UTAH ASSOCIATION
OF COUNTIES
INSURANCE MUTUAL

UAC INSURANCE MUTUAL MINUTES, BOARD OF DIRECTORS MEETING

May 18, 1995, 11:00 a.m.
UAC Offices, Salt Lake City

Board Members Present:

Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Robert Gardner, *Secretary*, Iron County Commissioner
Dennis Ewing, *Comptroller*, Tooele County Clerk
Ken Brown, Rich County Commissioner
Sid Groll, Cache County Sheriff
Sarah Ann Skanchy, Cache County Council Member
Gary Sullivan, Beaver County Commissioner

Board Members Absent:

Ty Lewis, San Juan County Commissioner

Others Present:

Bill Redd, San Juan County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Keri Chappell, UACIM Broker
Doug Alexander, UACIM Claims Administrator
Kurt Hamby, Branch Manager, Toplis and Harding, Inc.
Bob Lund, Underwriter, National Union
Pat Page, Senior Claims Manager, National Union

CALL TO ORDER

Chairman Gary Herbert requested that Gerald chair this meeting until his arrival. Gerald called the meeting to order and introduced those in attendance to those visiting. Gerald requested Jess to make the necessary introductions of those visiting. Jess introduced Pat Page who is the Senior Claims Manager of National Union Insurance Company out of New York, Bob Lund is the Underwriter for National Union out of Chicago and Kurt Hamby of Toplis and Harding, is overseeing and assisting Doug with claims management. Gerald welcomed Bill Redd.

REVIEW OF BOARD MEMBERS ABSENT

Ty Lewis called the UAC office to be excused from this meeting due to illness. Gary Sullivan made a motion to excuse Ty from this meeting. Sarah Ann seconded the motion and the motion carried.

REVIEW AND APPROVAL OF APRIL 1995 MINUTES

The minutes from the April 12, 1995, meeting were previously reviewed. Kent brought to the Board the following corrections. On page 1, Review and Approval of April 1994 Minutes correct to read, Review and Approval of March 1995 Minutes. On page 2, Brokerage Report, item 2, correct to read, Jess reviewed copies of the letters used by Chubb Insurance Group when an employee is found to have a bad driving record. On page 3, Litigation Committee and Claims Report, item 1, correct to read, Kent concluded and Gary McKean concurred that, on behalf of its member counties, UACIM supports purchase of excess liability insurance. Also, each county should comply with section 63-30-32 and 63-56-20 in its individual purchase and renewal of boiler and machinery insurance and other kinds of insurance. On page 3, Box Elder Third-Party Nursing Home Agreements, correct to read, John concurred that UACIM's understanding of the document was correct and that Box Elder County did not recognize the concerns until they were pointed out to them. Gary Sullivan made a motion to accept the minutes with the corrections. Ken seconded the motion and the motion carried with Sarah Ann abstaining.

LOSS SUMMARY AND FINANCIAL STATEMENT REVIEW

Brent reviewed the loss summary for the month ending April 1995, with the Board. Paid-to-date in 1992 for automobile liability is \$241,000, in 1993 paid-to-date is \$435,000 and in 1994 paid-to-date is \$349,000. Paid-to-date in 1992 for general liability is \$728,000, in 1993 paid-to-date is \$347,000 and in 1994 paid-to-date is \$42,000. Paid-to-date in 1992 for property losses is \$29,000, in 1993 paid-to-date is \$68,000 and paid-to-date in 1994 is \$17,000. Total automobile claims filed in 1992 is 67, in 1993 116 and in 1994 156. Total civil rights claims filed in 1992 is 42, in 1993 35 and in 1994 23. Total general liability claims filed in 1992 is 55, in 1993 51 and in 1994 24. Over-all total claims filed in 1992 is 305, in 1993 319 and in 1994 339. The aggregate excess summary total payments are \$1,024,623 and the UACIM loss fund attachment point in 1992 was \$850,000. The 1993 aggregate excess summary total payments are \$851,000 with an attachment point of \$1,100,000. The 1994 attachment point is \$1,350,000 and the 1995 attachment point, based on the past penetration, is \$2,500,000. UACIM increased the loss fund by \$300,000 in 1995. The Board requested Jess to track the \$1,000 deductible that was implemented effective May 1, 1995, to see how the claims are trending.

Brent reviewed the financial statements for the months ending January, February, March 1995, with the Board. Referring to the March financials, the Balance Sheet shows that the loss reserves have gone down nearly \$250,000 since December 1994. The contributed surplus is up to \$1,700,000 compared to \$1,296,000 in December. Brent questioned the paid losses for 1995 at \$320,000. This amount appears high so the Board requested Brent to confirm this amount. The Surplus Note and Interest Allocation Sheet show those counties that offered the debenture agreements to the UACIM. The UACIM agreed to pay those counties the State Treasurers interest amount plus 1%. The Board requested Brent to look into other investment groups to possibly improve the UACIM income. Dennis made a motion to accept the January, February, March 1995, financial statements. Gary Sullivan seconded the motion and the motion carried.

LOSS PREVENTION REPORT

David reviewed his written report that was previously sent to the Board (see attachment #2). David has not received a written reply from Tooele and Sanpete Counties as to the recommendations that were given. A 30 and 60 day follow-up has been sent. The Board requested David to call the Commission Chairman directly and if no response is made, then to schedule himself for the Commission meeting to pick up the responses. Pursuant to the Sheriff's Association meeting in April, they have decided that David will be a member of the Jail Inspection Committee. David had an active part in the Road School in St. George. He suggested to the Board that UACIM may want to have a booth at the Road School next year to give information and answer questions to those attending. David also investigated a loss that could have been preventable in Emery County. The County ARB has disciplined the individual with two weeks off without pay.

UACIM ASSISTANT ADMINISTRATOR

Brent explained that 79 applications replied to the ad for the Assistant Administrator. There are many good candidates and Brent, Gary Herbert, Kent and Jess have been reviewing the resumes and are working to narrow the number down to begin the interview process. A list will be given to the Board at the next meeting.

OTHER BUSINESS

Gary Herbert reviewed a letter he received from the Uintah County Commission, expressing their concerns as to the discussion with Jerry Gollins and Commissioner Glen McKee at the April 1995 Board meeting. Ken made a motion for Brent to send a reply to their letter and to set up a special meeting with the Uintah County Commission to address their concerns. Robert seconded the motion and the motion carried.

Kent explained that pursuant to the Insurance Department examination, before the next Board meeting, the LMC will draft language for a release to be signed by the member counties regarding the repayment obligation of the UACIM for the surplus contributions and eminent domain/inverse condemnation assessments.

Gerald asked if there was a policy on per diem for his upcoming trip to the PRIMA conference. Standard per diem is \$30.00 per day. The Board requested that Gerald and Dennis bring their receipts to UACIM for reimbursement.

The next Board of Directors meeting is scheduled for June 15, at 10:00 a.m. at the UAC Offices.

UAC INSURANCE MUTUAL
MINUTES, BOARD OF DIRECTORS
EXECUTIVE SESSION

May 18, 1995
UAC Offices, Salt Lake City

Members Present: Gary Herbert, *President*, Utah County Commissioner
Gerald Hess, *Vice President*, Davis County Deputy Attorney
Robert Gardner, *Secretary*, Iron County Commissioner
Dennis Ewing, *Comptroller*, Tooele County Clerk
Ken Brown, Rich County Commissioner
Sid Groll, Cache County Sheriff
Sarah Ann Skanchy, Cache County Council Member
Gary Sullivan, Beaver County Commissioner

Others Present: Bill Redd, San Juan County Commissioner
Kent Sundberg, Utah County Deputy Attorney
Brent Gardner, UACIM Administrator
Sonya White, UACIM Administrative Assistant
David Nelson, UACIM Loss Prevention Manager
Jess Hurtado, UACIM Broker
Keri Chappell, UACIM Broker
Doug Alexander, UACIM Claims Administrator

Executive session was held to discuss the Litigation Committee and Claims Report.

Options Should the Loss Fund and the Aggregate be Exhausted

The following options are for consideration and discussion only. Should both the Loss Fund and the Stop Loss Aggregate be exhausted during any one year the Mutual must consider how the claims run off will be completed.

1. Assess each member for a pro-rata amount dollar amount to refund the loss fund in order to equal the negative dollar amount. The assessment could be based on the amount necessary to fund the deficit in relation to premium size and loss experience.
2. Pay out the existing filed claims on a first in, first out basis with any unfunded loss amount reverting back to the member. This could leave some counties to experience the entire self insured retention for either property or casualty.
3. Pay out the existing filed claims as the expenses come in, until the funds are exhausted and then any unfunded balance reverts back to the member.
4. Combine two or more claim years in order to fund the year with the negative balance.
5. There are various markets that purchase and run-off claims, the Mutual may choose to look into selling off the older claim years and allow another entity to run them out. However, there still liabilities should the claims exceed actuarial projections.

